

State revs up South City biotech engine

David Smith

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South San Francisco, Calif. (Map, News) - South City, the center of the nation's largest biotech cluster, stands to reap the economic benefits of a state emphasis on using the industry to spur growth.

Established as the premier region in the state for biotechnology, the city and the Bay Area will be the center of state focus to generate an economic biotech engine, Lt. Gov. John Garamendi said Wednesday. Other regions include San Diego, Los Angeles-Orange County, and the Sacramento-Stockton area.

Garamendi toured Poniard Pharmaceuticals and CellGenesys Tuesday afternoon and urged the creation of a state advisory committee on biotechnology to help spur growth in California's economy.

The committee would advise a state-level commission on economic development on how to best assuage any roadblocks forming in the biotech industry, such as a lack of qualified workers. Garamendi called the failure of California to produce qualified employees for the biotech industry a "very serious impediment" to the economic growth of the state.

In South San Francisco, 70 biotech companies are worth more than \$100 billion, said Matt Gardner, the president of BayBio, a nonprofit association promoting the industry. More than \$90 billion of that is associated with Genentech, he added.

The success of South City as the epicenter of biotechnology drew Poniard Pharmaceuticals from its Seattle home, said CEO Jerry McMahon, adding that the company now has access to brainpower and services not available in Seattle.

“There’s good capital here; there’s a good history here,” McMahon said.

In the Bay Area, 900 biotech companies employ 90,000 residents and are worth roughly \$150 billion, and in the last year, 6,000 jobs have been created, according to a 2007 biotech industry impact report by BayBio.

But today, the “relative size of the biotech industry remains small, whether measured by total employment, total revenue or market capitalization,” according to Garamendi’s office.

Gardner said one of the roadblocks ahead is the maturation of products in the development pipeline, and while the biotechnology market has been growing 8 to 10 percent every year, “it’s going to take a tremendous effort” to see those products approved.

The average time it took the Food and Drug Administration to approve a new drug was 14 years, while the cost of developing a new drug was \$800 million, according to the BayBio report.

The state could alleviate any bumps in the road biotech companies might anticipate, such as problems with manufacturing, Gardner said.

Bay Area biotech by the numbers

» 900 companies worth \$150 billion

» 90,000 employees

» \$6 billion in payroll

» Average wages of \$68,000

» 6,000 new jobs in the last year

- Source: BayBio report